

**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

Issued by the Department of Transportation
on the 23rd day of February, 1996

Served February 29, 1996

Essential Air Service at

KEENE, NEW HAMPSHIRE &
RUTLAND, VERMONT

under 49 U.S.C., 41731 et seq.

**Dockets 46291
46292**

ORDER SETTING FINAL RATE UNTIL FURTHER DEPARTMENT ACTION

SUMMARY

By this order we are setting a final rate for Colgan Airways, Inc., of \$624,404 for its provision of subsidized essential air service at Keene, New Hampshire, and Rutland, Vermont, from January 1, 1996, until further Department action. That is the same rate as set by Order 95-11-28, the omnibus subsidy reduction order.

BACKGROUND

By Order 93-11-6, the Department selected Colgan Air, Inc., to provide essential air service at Keene, New Hampshire, and Rutland, Vermont. Colgan was to provide three round trips per service day to New York (Newark) with 19-seat Beech 1900's for an annual subsidy of \$968,902. That rate was set to expire under the terms of the order on December 31, 1995. However, by Order 95-11-28 the Department reduced subsidy payments and required-service across the board to ten round trips per week, effective November 27, 1995. At Keene and Rutland, the subsidy was reduced to \$624,404. That rate expired December 31, 1995, as Order 93-11-6 originally contemplated. Since then Colgan has continued to provide essential air service but has not received subsidy for its service.

We are negotiating several options with Colgan for long-term service and subsidy levels. In the meantime, the carrier is eligible to be compensated for its service from January 1, 1996, until a long-term rate can be established. We find that the proposed final rate is reasonable and appropriate for the service the carrier proposes, and is consistent with the Department's FY 1996 budget.

This order is issued under authority delegated in 49 CFR 1.56(i).

ACCORDINGLY,

1. The Department sets the final rate of compensation for Colgan Airways, Inc., for the provision of essential air service at Keene, New Hampshire, and Rutland, Vermont, as described in Appendix B, payable as follows: for each calendar month during which essential air service is provided, the amount of compensation shall be subject to the weekly ceilings \$6,163.80 for each community and shall be determined by multiplying the subsidy-eligible departures from and arrivals at the hub completed during the month at each community by \$308.19;¹
2. Subsidy payments are subject to the availability of funds. If the Government terminates payments because of insufficient appropriated funds, then, at the end of the period for which the Government does make payments, the carrier may cease to provide the service provided for under this agreement without regard to any requirement for notice of such cessation;
3. We direct Colgan Airways, Inc., to retain all books, records, and other source and summary documentation to support claims for payment and to preserve and maintain such documentation in a manner that readily permits the audit and examination by representatives of the Department. Such documentation shall be retained for seven years or until the Department indicates that the records may be destroyed. Copies of flight logs for aircraft sold or disposed of must be retained. The carrier may forfeit its compensation for any claim that is not supported under the terms of this order; and
4. The Department will serve copies of this order on the Governor of New Hampshire, the Governor of Vermont, the Mayors and Airport Managers of Keene, New Hampshire, and Rutland, Vermont, and Colgan Airways, Inc.

By:

CHARLES A. HUNNICUTT
ASSISTANT SECRETARY FOR AVIATION
AND INTERNATIONAL AFFAIRS

(SEAL)

¹ See Appendix B for calculation.

Colgan Airways, Inc., Essential Air Service to be Provided for Keene, New Hampshire, and Rutland, Vermont, Dockets 46291 & 46292

Effective Period: January 1, 1996, until further Department action.

Frequency: Ten nonstop or one-stop round trips per week for each community.

Aircraft: Beech 1900, 19-seats

Hub: New York (Newark)

Rate per Arrival from New York/
Departure to New York: ¹

Keene, \$308.19

Rutland, \$308.19

Weekly Subsidy Ceiling: ²

Keene, \$6,163.80

Rutland, \$6,163.80

Note: the carrier has been placed on notice that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of this order, including the service plan outlined above and any other significant elements of the required service, without prior approval. In addition, if for a significant period of time the carrier either does not schedule or operate its flights in full conformance with this order, the carrier may jeopardize its entire subsidy claim for the period in question. If any such changes are contemplated during the applicable period of this rate, the carrier must first notify the Office of Aviation Analysis in writing and receive approval from the Department of Transportation to be assured of full compensation. Carriers must complete all flights that can be safely operated. An aircraft taking-off and landing at its scheduled destination constitutes a completed flight. Only completed flights are considered eligible for subsidy absent an explanation for not completing the flight (such as certain weather cancellations). Flights which overfly subsidized points for lack of traffic will not be compensated.

¹ \$312,202 annual compensation for each community, divided by 1,013 annual arrivals from and departures to New York for each community, calculated as follows:

Four departures to hub or arrivals from hub five days per week, 4 x 261 weekdays x .97 completion.

² Keene and Rutland are each scheduled to receive 10 departures to New York and 10 arrivals from New York each week. Four departures to or arrivals from the hub five days per week x \$308.19.